

EXHIBIT 3

Detroit demo contractor says he was asked to revise bid

Christine Ferretti, The Detroit News 7:11 p.m. ET Nov. 3, 2016



(Photo: Daniel Mears / Detroit News)

Detroit — At least one contractor in the city's demolition program signed an affidavit saying he was asked to "re-balance the bid sheets" for a contract involving 38 houses by a former employee of the Detroit Building Authority.

Timothy Drakeford, a senior member of Direct Construction Services LLC, in a Sept. 28 affidavit wrote he was asked in December by Aradondo Haskins, an ex-building authority field operations manager, to revise bid sheets.

Drakeford's affidavit surfaced a week after the Detroit Land Bank Authority released an audit that revealed excessive demolition costs were hidden by spreading them over hundreds of properties to appear they didn't exceed limits set by the state.

The audit, citing about a dozen contracts with potential ineligible costs totaling \$824,491.56, comes amid several ongoing federal, state and city reviews of the program that came under scrutiny last fall over bidding concerns and soaring costs.

The affidavit and emails referencing requests to revise totals to meet a cost threshold were reviewed Thursday by The Detroit News.

Drakeford, whose family has operated the company since 1963, said he signed the affidavit "to keep my name clean."

"I'm keeping my name clean and my family's name clean. I told the truth. I'm just being real," he said. "I got houses to do and I got contracts. I am not doing nothing wrong."

"I know nothing else," Drakeford said, declining to comment further about the affidavit.

Haskins left the building authority this year. Attempts to reach him through publicly listed numbers were unsuccessful.

Drakeford signed the affidavit a couple days after another contractor, Able Demolition, wrote in an email that Haskins had asked the firm to revise contracts to meet the \$22,500 threshold and they'd be willing to sign an affidavit. Able Demolition did not have contracts flagged in the audit.

"I have several emails going back through 2015 where Aradondo asked us to revise our contracts to meet the \$22,500 threshold," Wendy Sitek, demolition coordinator for Able Demolition wrote to land bank compliance manager Martha Delgado.

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"You can see (Haskins) makes us come down on every one over \$22,500," wrote Sitek, who attached some of the correspondence. "I will sign an affidavit stating so."

Land Bank Chair Erica Ward Gerson said last week that the practice of shifting funds, which kept each property under a required \$25,000 cap, was authorized within the city program by a "rogue employee," whom she has declined to name. Despite the cap, contractors were advised the total could not exceed \$22,500 to account for administrative expenses.

In August, the building authority announced a new manager for the program amid the abrupt resignation of one of its top-ranking officials, Jim Wright. He has not returned messages seeking comment.

Sitek on Friday said Delgado asked her to sign an affidavit, but Sitek never received it and "did not sign any paperwork whatsoever."

In an email to The News, Sitek wrote Able was told to bring prices down to \$22,500 or they would lose the work. The company did so, she said, but never shifted any of the costs to other properties it was demolishing.

"Able Demolition never put any money towards any other houses," she wrote.

Delgado did not return a call seeking comment. She has been reassigned within the land bank and no longer works on the demolition program.

In response to the request for records, the land bank Thursday said did not have any affidavits or agreements sent or drafted by Delgado, or that she'd asked any demolition contractor to sign. The land bank, however, was in possession of the single affidavit that "Ms. Delgado maintains she did not send, draft or request."

"This affidavit was not prepared pursuant to any policy or procedure of the DLBA demolition program," the land bank wrote.

The land bank, which oversees the demolition program along with the Detroit Building Authority, commissioned an independent audit of the federally funded program this summer. The review turned up mistakes over a nine-month period between June 2015 and February, including inadequate record keeping and about \$1 million improperly billed to the state.

Direct Construction had two contracts flagged for "potential ineligible costs." Other contracts went to ABC Demolition, Rickman Enterprise Group, Adamo and Homrich. An attorney for Adamo declined to comment, others did not return calls from The News.

The investigation identified 100 demolitions out of approximately 8,000 that had excessive costs ineligible for the federal funding but were billed to the Michigan State Housing Development Authority, which administers reimbursements from the federal Hardest Hit funds for Detroit's blight elimination program.

Gerson said none of the mistakes resulted in contractors receiving extra money.

In August, demolitions funded by the program shut down while the city and land bank met with officials from U.S. Treasury and the state housing authority to come up with new practices after a separate review. Treasury accepted the new procedures Oct. 14 and work has resumed.

MSHDA has declined to discuss the ongoing investigations.

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